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CIA No. 3312
14 April 1965

MEMORANDUM FOR: Mr. Robert B. Wright
Director, Mutual Defense Control Staff
Department of State
Room 3531C

SUBJECT: Transmittal of Memorandum on The Pattern of
North Vietnam's Seaborne Foreign Trade with
Free World Countries, 1964

1. The attached memorandum on The Pattern of North Vietnam's Seaborne Foreign Trade with Free World Countries, 1964 is submitted in response to your verbal request.

2. The information presented in this memorandum is designed to supplement and expand that presented in our recent report CIA/RR CB 65-20, Merchant Shipping to North Vietnam in 1964, March 1965, SECRET/NO FOREIGN DISSEMINATION.

FOR THE ASSISTANT DIRECTOR, RESEARCH AND REPORTS,

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Chief, Economic Research Area

Attachment:
As stated above.

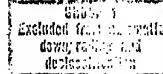
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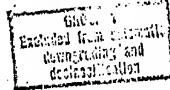
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The Pattern of North Vietnam's Seaborne Foreign Trade
With Free World Countries, 1964

The purpose of this memorandum is to present the results of additional analysis of the use of foreign flag merchant shipping in the foreign trade of North Vietnam and the extent to which this trade is oriented to Free World markets.

1. Total Seaborne Trade

During 1964 the seaborne foreign trade of North Vietnam totalled a minimum of 2.2 million metric tons, of which 1.6 million tons were export cargoes and 638 thousand tons were import cargoes. A breakdown of North Vietnamese seaborne imports exports by major commodity and flag of carriage is shown in Tables 1 and 2.* These estimates are based on reasonably firm but incomplete data on the cargoes moving in and out of North Vietnam.** The incompleteness of the data is particularly acute in regard to the cargoes carried in and out of North Vietnam on Communist Chinese-flag shipping. Seaborne foreign trade accounts for the overwhelming proportion of the volume of North Vietnam's foreign trade.

2. Pattern of Free World Shipping

During 1964 at least 580 flag ships involving some 2.6 million gross register tons (GRT) of shipping called at ports of North Vietnam. Ships flying Free World flags accounted for 62 percent of the shipping tonnage and 69 percent of the ship arrivals in 1964. Free World ships accounted for 45 percent of the import cargoes and 81 percent of the export cargoes moved by sea during the year. The smaller share of import cargoes reflects North Vietnam's great reliance on Bloc countries for most of its imports. One result is that around three-fourths of the Free World ships calling at North Vietnamese ports arrive either in ballast or with negligible cargoes.

* The estimated seaborne imports and exports shown in Tables 1 and 2, respectively, represent upward revisions of the estimates published in CIA/RR CB 65-20, Merchant Shipping to North Vietnam in 1964, March 1965, SECRET/NO FOREIGN DISSEM.

** This memorandum analyses only the physical volume of North Vietnam's seaborne foreign trade. It excludes treatment of the seaborne trade moving on Chinese-flag shipping, and foreign trade moving by land transportation. The resultant findings on commodity movements and trading partners will differ therefore from those based on an analysis of official trade statistics in value terms.

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Virtually all of the Free World ships calling at North Vietnamese ports in 1964 were engaged in tramp operations. These ships were almost exclusively dry cargo ships, ranging in size from 1,261 to 14,000 GRT. Their average size was just over 4,000 GRT. British-flag shipping engaged in the trade accounted for 30 percent of the arrivals in 1964. The British-flag ships were almost all under long-term time charter to either North Vietnam or Communist China. These vessels averaging 3,465 GRT are rather continuously employed in a shuttle service between Haiphong and Hong Kong or between Haiphong and Chinese ports. British flag shipping under Japanese charter played a significant role in the transport of coal from North Vietnam to Japan, accounting for 30 percent of the total transported to Japan in 1964.

Japanese-flag shipping, which accounted for 13 percent of total arrivals in 1964, averaged 3,335 GRT. With but a few exceptions Japanese-flag ships were engaged exclusively in the North Vietnam-Japan coal trade.

The Norwegian-flag, which ranked third in Free World shipping to North Vietnam in 1964, accounted for 7 percent of total arrivals. These ships averaging only 2,950 GRT were under long-term charter to North Vietnam, Communist China or the USSR. The Norwegian ships under charter to North Vietnam were used principally for trade with Cambodia and Malaysia.

Ships of other Free World flags participating in the North Vietnamese trade generally were larger ships engaged in the long-term movement of bulk cargoes from North Vietnam to Western Europe, Soviet Bloc countries and Cuba. Most of these ships ranged from 6,000 to 7,000 GRT flew the flags of Greece, Lebanon, Liberia, and Panama. Most of these ships were under charter to Bloc countries.

3. Nature and Volume of Exports to Free World Countries

During 1964 identifiable exports by sea from North Vietnam totalled 1.6 million tons.* A total of 914,000 tons or 58 percent of identified seaborne exports moved to Free World countries, principally to trading partners in Southeast Asia and to Japan.

The exports of North Vietnam are almost entirely the bulk commodities of coal, cement, pig iron and apatite. The export of anthracite coal from Campha and Hongay dominates North Vietnam's export trade and accounted for 60 percent of total volume of seaborne exports in 1964. About 61 percent -- 420,000 tons -- of total coal exports were to Japan. The identified export of 420,000 tons of coal to Japan is about 20 percent lower than the average annual export over the past few years.

* Tonnages in this report are metric tons.

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Other North Vietnamese bulk exports to Japan in 1964 included an estimated 44,000 tons of pig iron and about 14,000 tons of apatite ore. Exports of miscellaneous cargoes to Japan in 1964 totalled 6,600 tons or 35 percent of total exports of general cargoes. Although the commodities composing this classification cannot be specifically identified they are presumed to consist principally of agricultural, forestry, fishing and handicraft products.

The port of Hong Kong ranked second as the destination of North Vietnamese exports in 1964. The principal export to Hong Kong was cement, which at a volume of 44,500 tons amounted to 32 percent of total exports of cement to Free World countries. The remaining exports to Hong Kong consisted of 10,600 tons of anthracite coal, about 8,000 tons of rice, 4,600 tons of livestock and animal products, and an estimated 4,200 tons of miscellaneous cargoes.

Cambodia and Malaysia account for the remainder of North Vietnam's exports to countries in Southeast Asia. In each instance the major export is cement which accounts for almost 95 percent of North Vietnamese exports to these countries.

Most of the balance of North Vietnam's export trade with Free World countries involves a movement of anthracite coal to West European consumers. Over 40 percent of this trade is with France, which accounted in 1964 for 40 percent -- 100,000 tons -- of the 246,000 tons exported to Western Europe in 1964. The other major coal importers in Western Europe were the Netherlands (64,000 tons), Belgium (41,000 tons), and Italy (31,000 tons).

4. Seaborne Imports from the Free World

Identified seaborne imports by North Vietnam from Free World countries in 1964 amounted only to 175,000 tons, or a volume only 20 percent the level of its exports to Free World countries.

About 80 percent of North Vietnam's imports from Free World countries consisted of grains and foodstuffs. The principal identified imports included about 38,000 tons of flour, from France; 45,000 tons of corn, from Thailand and Cambodia; 14,000 tons of grain from Argentina; and 5,500 tons of rice from Cambodia.

The other major commodity imports included an estimated 33,000 tons of fertilizers, principally from Italy, and 15,000 tons of timber from Cambodia.

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At least 16,000 tons of general and miscellaneous cargoes were imported by North Vietnam in 1964. Over 75 percent of these imports came from Japan and consisted of medicines, textiles, chemicals, industrial equipment and spare parts. An unknown volume of imports of equipment and general cargo from Western Europe could not be quantified because it was picked up at way ports by Polish vessels providing a liner service to North Vietnam.

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Table 1

North Vietnam: Seaborne Imports Carried by Foreign-Flag Ships, 1964

<u>Commodity</u>	<u>Metric Tons</u>				
	<u>Free World</u>	<u>USSR</u>	<u>European Satellites</u>	<u>Communist China</u>	<u>Total</u>
<u>Total</u>	<u>287,000</u>	<u>266,000</u>	<u>62,000</u>	<u>23,000</u>	<u>638,000</u>
Maize, grains and bulk foodstuffs	123,000	0	19,000	20,000	162,000
Ammonium sulfate and other fertilizers	52,000	91,000	22,000	N.A.	165,000
POL	31,000	109,000	2,000	N.A.	142,000
Timber	15,000	0	2,000	N.A.	17,000
Miscellaneous	66,000	66,000	17,000	3,000	152,000

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Table 2

North Vietnam: Seaborne Exports Carried by Foreign-Flag Ships, 1964

<u>Commodity</u>	<u>Metric Tons</u>				
	<u>Free World</u>	<u>USSR</u>	<u>European Satellites</u>	<u>Communist China</u>	<u>Total</u>
<u>Total</u>	<u>1,337,900</u>	<u>128,600</u>	<u>98,400</u>	<u>N.A.</u>	<u>1,564,900</u>
Coal	919,200	6,600	24,200	N.A.	950,000
Apatite	259,600	37,600	41,000	N.A.	338,200
Cement	88,100	43,700	8,300	N.A.	140,100
Miscellaneous	71,000	40,700	24,900	N.A.	136,600

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Table 3
North Vietnam: Seaborne Exports to Free World Countries, 1964

<u>Commodity</u>	<u>Hong Kong</u>	<u>Japan</u>	<u>Cambodia</u>	<u>Singapore/Malaysia</u>	<u>Western Europe</u>	<u>Other</u>	<u>Total</u>
Coal	10,600	421,000	----	2,500	246,400	10,000	690,500
Cement	44,500	----	37,000	58,600	----	----	140,100
Apatite	----	13,700	----	----	----	----	13,700
Pig Iron	----	43,600	----	----	----	----	43,600
Rice	7,900	----	----	----	----	----	7,900
Miscellaneous	8,800	6,600	400	1,000	200	1,200	18,200
TOTALS	71,800	484,900	37,400	62,100	246,600	11,200	914,000

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North Vietnam: Seaborne Imports from Free World Countries, 1964

Commodity	Metric Tons							
	Cambodia	Thailand	Singapore/Malaysia	Japan	Hong Kong	Western Europe	Others	Totals
Maize, grains and bulk foodstuffs	21,400	29,200	—	—	—	37,700	14,000	102,300
Fertilizers	—	—	3,900	—	—	25,000	8,400	37,300
Timber	14,700	—	—	—	—	—	—	14,700
Miscellaneous	—	—	2,800	12,700	1,700	—	3,400	20,600
TOTALS	36,100	29,200	6,700	12,700	1,700	62,700	25,800	174,900

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